

Message Text

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70

ACTION EUR-25

INFO OCT-01 IO-12 ADP-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 EB-11 FRB-02 H-02 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15

STR-08 TAR-02 TRSE-00 USIA-12 PRS-01 OMB-01 OIC-04

RSR-01 /182 W

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R 112016 Z MAY 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 5016

INFO AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION GENEVA

USMISSION OECD PARIS

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E. O. 11652: GDS

TAGS: ETRD, EEC, WG

SUBJECT: EC COUNCIL MAY 14, 15: ASSOCIATION POLICIES

1. SUMMARY. AT THE MAY 14, 15 EC COUNCIL SESSION
THE FRG WILL STICK TO ITS POSITION THAT THE
COMMUNITY SHOULD FOREGO REVERSE PREFERENCES IN ITS
AGREEMENTS WITH MEDITERRANEAN COUNTRIES AND WITH THE
ASSOCIATED AND COMMONWEALTH ASSOCIABLE COUNTRIES.
FOREIGN OFFICE SOURCES CONSIDER THE COMMISSION' S
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PROPOSALS UNSATISFACTORY IN THAT THEY RETAIN THE LEGAL FRAMEWORK OF RECIPROCAL CONCESSIONS, LEAVING TO THE LDCS CONCERNED THE INITIATIVE FOR EXTENDING COMPARABLE CONCESSIONS TO THIRD COUNTRIES. THE FRG REMAINS STRONGLY OPPOSED TO A GATT WAIVER FOR EC SPECIAL ONE- WAY PREFERENCES AND HOPES THE EC OPPONENTS OF REVERSE PREFERENCES CAN FIND A COMMON GROUND ELSEWHERE. END SUMMARY.

2. WE HAVE REVIEWED THE ISSUES SURROUNDING EC ASSOCIATION POLICIES WITH RUYTER (FOREIGN OFFICE DIRECTOR FOR EC INSTITUTIONS AND ASSOCIATION POLICY) WHO WILL ACCOMPANY PARLIAMENTARY STATE SECRETARY APEL TO THE MAY 14, 15 COUNCIL SESSION. RUYTER TELLS US THAT APEL WILL STICK TO THE FRG'S PAST POSITION THAT THE EC SHOULD TAKE A DECISION IN PRINCIPLE TO FOREGO REVERSE PREFERENCES IN THE MEDITERRANEAN. APEL WILL TAKE THE SAME POSITION WITH REGARD TO THE AFRICAN ASSOCIATED AND COMMONWEALTH ASSOCIABLE COUNTRIES. RUYTER DOES NOT EXPECT, HOWEVER, THAT ANY DECISION ON THIS QUESTION WILL BE POSSIBLE AT NEXT WEEK' S COUNCIL SESSION.

3. RUYTER CONSIDERED THE COMMISSION' S PROPOSALS BOTH UNSATISFACTORY AND UNLIKELY TO LEAD TO A BASIC RESOLUTION OF THE PREFERENCES PROBLEM FOR THIRD COUNTRIES, PARTICULARLY THE U. S. HE CONSIDERED THE COMMISSION' S APPROACH TO BE EXACTLY BACKWARDS IN TERMS OF HAVING THE EC TAKE A DECISION IN PRINCIPLE TO RETAIN THE LEGAL FRAMEWORK OF RECIPROCAL CONCESSIONS, LEAVING TO THE ASSOCIATED LDCS PRACTICAL POSSIBILITIES TO ELIMINATE THE PREFERENCES BY EXTENDING CONCESSIONS TO THIRD COUNTRIES. RUYTER THOUGHT THE ONLY EFFECT OF THIS APPROACH WOULD BE TO MAKE ASSOCIATION ACCEPTABLE FOR NIGERIA, WHICH ALONG WITH ZAIRE AND ONE OR TWO OTHER COUNTRIES WAS INDEPENDENT ENOUGH, BY THE FISCAL DUTY APPROACH OR OTHERWISE, TO FOREGO EXTENDING REVERSE PREFERENCES. RUYTER BELIEVED THE EXPERIENCE OF YAOUNDE II HAD SHOWN THAT THE MAJORITY OF THE ASSOCIATES WOULD NOT EXERCISE SUCH AN OPTION, EVEN THOUGH OPPOSED THEMSELVES TO REVERSE PREFERENCES. LIMITED OFFICIAL USE

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RUYTER BELIEVED THAT THE PROPER APPROACH WAS AN EC DECISION IN PRINCIPLE TO FOREGO REVERSE PREFERENCES, IF NECESSARY LEAVING OPEN A PRACTICAL POSSIBILITY FOR THE EXCEPTIONAL CASE OF AN LDC WHICH MIGHT LATER INSIST ON EXTENDING REVERSE PREFERENCES.

4. RUYTER SAID THE FRG WOULD HAVE TO FIND A COMMON

TACTICAL GROUND WITH OTHER EC OPPONENTS OF REVERSE PREFERENCES. HE HOPED THAT THE BRITISH AND DUTCH WOULD NOT INSIST ON A GATT WAIVER UNDER ARTICLE XXV FOR EC SPECIAL PREFERENCES. HE BELIEVED THE WAIVER APPROACH WOULD GIVE NEW AMMUNITION TO THE PROPONENTS OF REVERSE PREFERENCES. RUYTER REITERATED THAT THE FRG BELIEVED THE EC SHOULD ASSERT AN INTERPRETATION OF ARTICLE XXIV WHICH WOULD AMOUNT TO FOREGOING RECIPROCITY FROM DEVELOPING COUNTRIES. HE CONCLUDED BY NOTING THAT THE MODUS VIVENDI SUGGESTED BY UNDER SECRETARY CASEY WAS A VERY HELPFUL CONTRIBUTION TO THE EFFORT TO FIND A RESOLUTION TO THE PREFERENCES PROBLEM.

HILLENBRAND

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*** Current Classification *** LIMITED OFFICIAL USE

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